

AMENDED IN SENATE AUGUST 26, 2013

AMENDED IN ASSEMBLY MAY 21, 2013

AMENDED IN ASSEMBLY APRIL 23, 2013

AMENDED IN ASSEMBLY APRIL 1, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

## ASSEMBLY BILL

**No. 1331**

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**Introduced by Committee on Water, Parks and Wildlife (Assembly Members Rendon (Chair), Blumenfield, Bocanegra, Fong, Frazier, Gatto, Gomez, Gray, and Yamada)**

February 22, 2013

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*An act relating to water resources to repeal and add Division 26.7 (commencing with Section 79700) of the Water Code, and to repeal Section 2 of Chapter 3 of the Seventh Extraordinary Session of the Statutes of 2009, relating to a climate change response for clean and safe drinking water program, by providing the funds necessary therefor through an election for the issuance and sale of bonds of the State of California and for the handling and disposition of those funds.*

### LEGISLATIVE COUNSEL'S DIGEST

AB 1331, as amended, Committee on Water, Parks and Wildlife. ~~Water resources: assessments of public funding. Climate Change Response for Clean and Safe Drinking Water Act of 2014.~~

*(1) Existing law, the Safe, Clean, and Reliable Drinking Water Supply Act of 2012, if approved by the voters, would authorize the issuance of bonds in the amount of \$11,140,000,000 pursuant to the State General Obligation Bond Law to finance a safe drinking water and water supply reliability program. Existing law provides for the submission of the*

*bond act to the voters at the November 4, 2014, statewide general election.*

*This bill would repeal these provisions.*

*(2) Under existing law, various measures have been approved by the voters to provide funds for water supply and protection facilities and programs.*

*This bill would enact the Climate Change Response for Clean and Safe Drinking Water Act of 2014, which, if adopted by the voters, would authorize the issuance of bonds in the amount of \$6,500,000,000 pursuant to the State General Obligation Bond Law to finance a climate change response for clean and safe drinking water program.*

*This bill would provide for the submission of the bond act to the voters at the November 4, 2014, statewide general election.*

~~(1) Existing law establishes the Department of Water Resources in the Natural Resources Agency, and, among other things, empowers the department to conduct investigations of all or any portion of any stream, stream system, lake, or other body of water.~~

~~This bill would require the Department of Water Resources to provide an analysis to the Legislature by July 1, 2014, that assesses currently available public funding and estimates the additional level of public investment needed to ensure California meets priority needs related to infrastructure, integrated water management, water supply reliability, water recycling, flood management, and watershed and aquatic ecosystem conservation and protection.~~

~~(2) Existing law establishes various state water policies, including the policy that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.~~

~~The bill would require the State Water Resources Control Board and the Division of Drinking Water and Environmental Management of the State Department of Public Health to provide an analysis to the Legislature by July 1, 2014, that assess currently available public funding and estimates the additional level of public investment needed to ensure that all Californians have access to safe drinking water and prioritize the projects necessary to achieve this goal.~~

~~(3) Existing law establishes various policies of the state relative to the Sacramento-San Joaquin Delta.~~

~~This bill would express findings and declarations including, among other things, that the November 2014 ballot currently includes a bond measure for \$11.14 billion to fund projects related to water, and that it~~

is in the public interest to pass a general obligation bond that includes, but is not limited to, grants and loans to state and local agencies to help meet prescribed critical funding needs. The bill would require the Delta Stewardship Council to provide an analysis to the Legislature by July 1, 2014, that assesses currently available public funding and estimates the additional level of public investment needed to implement the Delta Plan.

Vote: ~~majority~~<sup>2/3</sup>. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     *SECTION 1. Division 26.7 (commencing with Section 79700)*  
2     *of the Water Code, as added by Section 1 of Chapter 3 of the*  
3     *Seventh Extraordinary Session of the Statutes of 2009, is repealed.*  
4     *SEC. 2. Division 26.7 (commencing with Section 79700) is*  
5     *added to the Water Code, to read:*

6  
7     *DIVISION 26.7. THE CLIMATE CHANGE RESPONSE FOR*  
8     *CLEAN AND SAFE DRINKING WATER ACT OF 2014.*

9  
10                     *CHAPTER 1. SHORT TITLE*

11  
12     *79700. This division shall be known, and may be cited, as the*  
13     *Clean and Safe Drinking Water and Climate Change Response*  
14     *Act of 2014.*

15  
16                     *CHAPTER 2. DEFINITIONS*

17  
18     *79701. The people of California find and declare all of the*  
19     *following:*

20     *(a) Safeguarding supplies of clean and safe drinking water to*  
21     *California's homes, businesses, and farms is an essential*  
22     *responsibility of government, and critical to protecting the quality*  
23     *of life for Californians.*

24     *(b) Every Californian should have access to clean, safe, and*  
25     *reliable drinking water, consistent with the human right to water*  
26     *and Section 106.3. Providing adequate supplies of clean, safe, and*  
27     *reliable drinking water is vital to keeping California's economy*  
28     *growing and strong.*

1     (c) Climate change has impaired California's capacity to ensure  
2     clean, safe, and reliable drinking water; as droughts have become  
3     more frequent and more severe, and ecosystems have become  
4     stressed. Higher temperatures mean less snow pack, which is the  
5     state's largest water reservoir. Scientists project a loss of at least  
6     25 percent of the snow pack in the Sierra Nevada Mountains by  
7     2050.

8     (d) California's water infrastructure continues to age and  
9     deteriorate. More than 50 years ago, Californians approved the  
10    construction of the State Water Project. In the decades that  
11    followed, California's water leaders developed the most  
12    sophisticated system of state, federal, regional, and local water  
13    infrastructure anywhere in the world. In recent decades, however,  
14    that water infrastructure and the water environment on which it  
15    depends have deteriorated.

16    (e) In the years since the voters approved the state water project,  
17    California's population has continued to grow, from less than 16  
18    million in 1960 to more than 37 million in 2010. A growing  
19    population and a growing economy have put greater stress on  
20    California's natural resources, including water. Contamination  
21    of groundwater aquifers from a vibrant economy has threatened  
22    vital drinking water supplies.

23    (f) As California and its water infrastructure have grown,  
24    increasing demands on California's limited water supplies and  
25    deteriorating aquatic ecosystems have led to intense conflict,  
26    further threatening the reliability of clean and safe drinking water.  
27    79702. The people of California find and declare all of the  
28    following:

29    (a) A sustainable water future can provide the means for  
30    California to maintain vibrant communities, globally competitive  
31    agriculture, and healthy ecosystems, which are all a part of the  
32    quality of life that attracts so many to live in California.

33    (b) Responding to climate change, ensuring clean and safe  
34    drinking water, and preparing for California's continued growth  
35    will require a diversified portfolio of strategies and investments  
36    to address the many water challenges facing California.

37    (c) Improving water quality offers one of the most immediate  
38    steps to ensuring a clean and safe drinking water supply. California  
39    needs water quality improvements at all parts of the hydrologic  
40    cycle, from source water in the watersheds where the state's

1 *drinking water supplies originate to wastewater treatment to*  
2 *improve surface water quality for those who live downstream.*

3 *(d) Addressing the challenges to the sustainability of the Delta,*  
4 *the heart of the California water system, will help resolve some*  
5 *of the conflicts that impede progress in improving the statewide*  
6 *water system.*

7 *(e) Enhancing regional water self-reliance offers a key strategy*  
8 *for addressing climate change and improving water supply*  
9 *reliability. It helps the Delta and it helps local communities to*  
10 *address their own water challenges. Water conservation and water*  
11 *recycling form one part of the regional water self-reliance strategy*  
12 *and are commonsense methods to make more efficient use of*  
13 *existing water supplies.*

14  
15 *CHAPTER 3. DEFINITIONS*  
16

17 *79703. Unless the context otherwise requires, the definitions*  
18 *set forth in this section govern the construction of this division, as*  
19 *follows:*

20 *(a) "CALFED Bay-Delta Program" means the program*  
21 *described in the Record of Decision dated August 28, 2000.*

22 *(b) "Commission" means the California Water Commission.*

23 *(c) "Committee" means the Climate Change Response for Clean*  
24 *and Safe Drinking Water Finance Committee created by Section*  
25 *79802.*

26 *(d) "Delta" means the Sacramento-San Joaquin Delta, as*  
27 *defined in Section 85058.*

28 *(e) "Delta conveyance facilities" means facilities that convey*  
29 *water directly from the Sacramento River to the State Water Project*  
30 *or the federal Central Valley Project pumping facilities in the*  
31 *south Delta.*

32 *(f) "Delta counties" means the Counties of Solano, Yolo,*  
33 *Sacramento, Contra Costa, and San Joaquin.*

34 *(g) "Department" means the Department of Water Resources.*

35 *(h) "Director" means the Director of Water Resources.*

36 *(i) "Disadvantaged community" has the meaning set forth in*  
37 *subdivision (a) of Section 79505.5.*

38 *(j) "Economically distressed area" means a municipality with*  
39 *a population of 20,000 persons or less, a rural county, or a*  
40 *reasonably isolated and divisible segment of a larger municipality*

1 where the segment of the population is 20,000 persons or less,  
2 with an annual median household income that is less than 85  
3 percent of the statewide median household income, and with one  
4 or more of the following conditions as determined by the  
5 department:

6 (1) Financial hardship.

7 (2) Unemployment rate at least 2 percent higher than the  
8 statewide average.

9 (3) Low population density.

10 (k) “Fund” means the Climate Change Response for Clean and  
11 Safe Drinking Water Fund of 2014 created by Section 79717.

12 (l) “Integrated regional water management plan” has the  
13 meaning set forth in Section 10534.

14 (m) “Nonprofit organization” means an organization qualified  
15 to do business in California and qualified under Section 501(c)(3)  
16 of Title 26 of the United States Code.

17 (n) “Public agency” means a state agency or department,  
18 district, joint powers authority, city, county, city and county, or  
19 other political subdivision of the state.

20 (o) “Rainwater” has the meaning set forth in subdivision (c) of  
21 Section 10573.

22 (p) “State General Obligation Bond Law” means the State  
23 General Obligation Bond Law (Chapter 4 (commencing with  
24 Section 16720) of Part 3 of Division 4 of Title 2 of the Government  
25 Code).

26 (q) “Stormwater” has the meaning set forth in subdivision (e)  
27 of Section 10573.

#### 28 CHAPTER 4. GENERAL PROVISIONS

29  
30  
31 79705. An amount that equals not more than 5 percent of the  
32 funds allocated for a grant program pursuant to this division may  
33 be used to pay the administrative costs of that program.

34 79706. Up to 10 percent of funds allocated for each program  
35 funded by this division may be expended for planning and  
36 monitoring necessary for the successful design, selection, and  
37 implementation of the projects authorized under that program.  
38 This section shall not otherwise restrict funds ordinarily used by  
39 an agency for “preliminary plans,” “working drawings,” and  
40 “construction” as defined in the annual Budget Act for a capital

1 outlay project or grant project. Water quality monitoring shall be  
2 integrated into the surface water ambient monitoring program  
3 administered by the State Water Resources Control Board.  
4 Watershed monitoring shall be integrated into the statewide  
5 watershed program administered by the Department of  
6 Conservation.

7 79707. Chapter 3.5 (commencing with Section 11340) of Part  
8 1 of Division 3 of Title 2 of the Government Code does not apply  
9 to the development or implementation of programs or projects  
10 authorized or funded under this division other than Chapter 9  
11 (commencing with Section 79760).

12 79708. (a) Prior to disbursing grants or loans pursuant to this  
13 division, each state agency that receives an appropriation from  
14 the funding made available by this division to administer a  
15 competitive grant or loan program under this division shall develop  
16 and adopt project solicitation and evaluation guidelines. The  
17 guidelines shall include monitoring and reporting requirements  
18 and may include a limitation on the dollar amount of grants or  
19 loans to be awarded.

20 (b) Prior to disbursing grants or loans, the state agency shall  
21 conduct three public meetings to consider public comments prior  
22 to finalizing the guidelines. The state agency shall publish the draft  
23 solicitation and evaluation guidelines on its Internet Web site at  
24 least 30 days before the public meetings. One meeting shall be  
25 conducted at a location in northern California, one meeting shall  
26 be conducted at a location in the central valley of California, and  
27 one meeting shall be conducted at a location in southern  
28 California. Upon adoption, the state agency shall transmit copies  
29 of the guidelines to the fiscal committees and the appropriate policy  
30 committees of the Legislature.

31 79709. It is the intent of the people that:

32 (a) The investment of public funds pursuant to this division will  
33 result in public benefits.

34 (b) Beneficiaries pay for the benefits they receive from projects  
35 funded pursuant to this division.

36 (c) Any relevant statute enacted before voters approve this bond  
37 shall be considered in the appropriation and expenditure of the  
38 funding authorized by this division.

39 (d) In the appropriation and expenditure of funding authorized  
40 by this division, priority shall be given to projects that leverage

1 *private, federal, or local funding or produce the greatest public*  
2 *benefit.*

3 *(e) A funded project advances the purposes of the chapter from*  
4 *which the project received funding.*

5 *(f) In making decisions regarding water resources, state and*  
6 *local water agencies use the best available science to inform those*  
7 *decisions.*

8 *(g) Special consideration will be given to projects that employ*  
9 *new or innovative technology or practices, including decision*  
10 *support tools that demonstrate the multiple benefits of integrating*  
11 *multiple jurisdictions, including, but not limited to, water supply,*  
12 *flood control, land use, and sanitation.*

13 *79710. (a) The California State Auditor shall annually conduct*  
14 *a programmatic review and an audit of expenditures from the fund.*

15 *(b) Notwithstanding Section 10231.5 of the Government Code,*  
16 *the California State Auditor shall report its findings annually on*  
17 *or before March 1 to the Governor and the Legislature, and shall*  
18 *make the findings available to the public.*

19 *79711. Funds provided by this division shall not be expended*  
20 *to support or pay for the costs of environmental mitigation*  
21 *measures or compliance obligations of any party except as part*  
22 *of the environmental mitigation costs of projects financed by this*  
23 *division. Funds provided by this division may be used for*  
24 *environmental enhancements or other public benefits.*

25 *79712. Funds provided by this division shall not be expended*  
26 *to pay the costs of the design, construction, operation, or*  
27 *maintenance of Delta conveyance facilities. Those costs shall be*  
28 *the responsibility of the water agencies that benefit from the design,*  
29 *construction, operation, or maintenance of those facilities.*

30 *79713. (a) This division does not diminish, impair, or*  
31 *otherwise affect in any manner whatsoever any area of origin,*  
32 *watershed of origin, county of origin, or any other water rights*  
33 *protections, including, but not limited to, rights to water*  
34 *appropriated prior to December 19, 1914, provided under the law.*  
35 *This division does not limit or affect the application of Article 1.7*  
36 *(commencing with Section 1215) of Chapter 1 of Part 2 of Division*  
37 *2, Sections 10505, 10505.5, 11128, 11460, 11461, 11462, and*  
38 *11463, and Sections 12200 to 12220, inclusive.*

39 *(b) For the purposes of this division, an area that utilizes water*  
40 *that has been diverted and conveyed from the Sacramento River*



1 hydrologic region, for use outside the Sacramento River hydrologic  
2 region or the Delta, shall not be deemed to be immediately adjacent  
3 thereto or capable of being conveniently supplied with water  
4 therefrom by virtue or on account of the diversion and conveyance  
5 of that water through facilities that may be constructed for that  
6 purpose after January 1, 2014.

7 (c) Nothing in this division supersedes, limits, or otherwise  
8 modifies the applicability of Chapter 10 (commencing with Section  
9 1700) of Part 2 of Division 2, including petitions related to any  
10 new conveyance constructed or operated in accordance with  
11 Chapter 2 (commencing with Section 85320) of Part 4 of Division  
12 35.

13 (d) Unless otherwise expressly provided, nothing in this division  
14 supersedes, reduces, or otherwise affects existing legal protections,  
15 both procedural and substantive, relating to the state board's  
16 regulation of diversion and use of water, including, but not limited  
17 to, water right priorities, the protection provided to municipal  
18 interests by Sections 106 and 106.5, and changes in water rights.  
19 Nothing in this division expands or otherwise alters the state  
20 board's existing authority to regulate the diversion and use of  
21 water or the courts' existing concurrent jurisdiction over California  
22 water rights.

23 (e) Nothing in this division shall be construed to affect any  
24 contract related to water in any way connected to the Delta.

25 (f) Nothing in this division shall be construed to affect the  
26 California Wild and Scenic Rivers Act (Chapter 1.4 (commencing  
27 with Section 5093.50) of Division 5 of the Public Resources Code)  
28 and funds authorized pursuant to this division shall not be available  
29 for any project that could have an adverse effect on the free flowing  
30 condition of a wild and scenic river.

31 79714. Eligible applicants under this division are public  
32 agencies, nonprofit organizations, public utilities, and mutual  
33 water companies. To be eligible for funding under this division, a  
34 project proposed by a public utility that is regulated by the Public  
35 Utilities Commission or a mutual water company shall have a  
36 clear and definite public purpose and shall benefit the customers  
37 of the water system.

38 79715. The Legislature may enact legislation necessary to  
39 implement programs funded by this division.

1     79716. *Unless otherwise specified, any state agency may be*  
2 *eligible for appropriations from the funding made available by*  
3 *this division.*

4     79717. *The proceeds of bonds issued and sold pursuant to this*  
5 *division shall be deposited in the Climate Change Response for*  
6 *Clean and Safe Drinking Water Fund of 2014, which is hereby*  
7 *created in the State Treasury.*

8  
9     CHAPTER 5. *WATER QUALITY AND CLEAN AND SAFE DRINKING*  
10                                     *WATER*

11  
12     79720. *The sum of one billion dollars (\$1,000,000,000) shall*  
13 *be available, upon appropriation by the Legislature from the fund,*  
14 *for expenditures, grants, and loans for projects that improve water*  
15 *quality or help provide clean and safe drinking water to all*  
16 *Californians.*

17     79721. *The projects eligible for funding pursuant to this chapter*  
18 *shall help improve water quality for all beneficial uses. The*  
19 *purposes of this chapter are to:*

20     (a) *Reduce contaminants in drinking water supplies regardless*  
21 *of the source of the water or the contamination, including the*  
22 *assessment and prioritization of the risk to the safety of drinking*  
23 *water supplies.*

24     (b) *Address the critical and immediate needs of disadvantaged,*  
25 *rural, or small communities that suffer from contaminated drinking*  
26 *water supplies, including, but not limited to, projects that address*  
27 *a public health emergency.*

28     (c) *Leverage other private, federal, state, and local drinking*  
29 *water quality and wastewater treatment funds.*

30     (d) *Reduce contaminants in discharges to, and improve the*  
31 *quality of, surface water streams.*

32     (e) *Improve water quality of surface water streams, including*  
33 *stormwater quality.*

34     (f) *Prevent further contamination of drinking water supplies.*

35     (g) *Provide disadvantaged communities with public drinking*  
36 *water infrastructure that provides clean and safe drinking water*  
37 *supplies that the community can sustain over the long term.*

38     (h) *Ensure access to clean and safe drinking water for*  
39 *California's communities.*

1     79722. (a) A project that receives funding under this chapter  
2 shall be selected by a competitive grant or loan process with added  
3 consideration for those projects that leverage private, federal, or  
4 local funding. Special consideration shall also be given to a project  
5 focused on groundwater clean up.

6     (b) An agency administering grants or loans for the purposes  
7 of this chapter shall assess the capacity of a community to pay for  
8 the operation and maintenance of the facility to be funded.

9     79723. An applicant for a project to clean up a groundwater  
10 aquifer shall demonstrate that a public agency has authority to  
11 manage the water resources in that aquifer in order to be eligible  
12 for funding pursuant to this chapter. This section does not apply  
13 to projects that install treatment facilities at the wellhead, customer  
14 connection, or the tap.

15     79724. The contaminants that may be addressed with funding  
16 pursuant to this chapter may include, but shall not be limited to,  
17 nitrates, perchlorate, MTBE (methyl tertiary butyl ether), arsenic,  
18 salinity, hexavalent chromium, mercury, PCE (perchloroethylene),  
19 TCE (trichloroethylene), DCE (dichloroethene), DCA  
20 (dichloroethane), and carbon tetrachloride.

21     79725. (a) Of the funds authorized in Section 79720, up to  
22 one hundred million dollars (\$100,000,000) shall be available for  
23 deposit in the State Water Pollution Control Revolving Fund Small  
24 Community Grant Fund created pursuant to Section 13477.6 for  
25 grants for wastewater treatment projects. Priority shall be given  
26 to projects that serve disadvantaged communities and severely  
27 disadvantaged communities, and to projects that address public  
28 health hazards. Special consideration shall be given to small  
29 communities with limited financial resources. Projects shall  
30 include, but not be limited to, projects that identify, plan, design,  
31 and implement regional mechanisms to consolidate wastewater  
32 systems or provide affordable treatment technologies.

33     (b) Of the funds authorized in Section 79720, up to two hundred  
34 fifty million dollars (\$250,000,000) shall be available to support  
35 projects that address the management of stormwater quality.

36     79726. For the purposes of awarding funding under this  
37 chapter, a local cost share of not less than 50 percent of the total  
38 costs of the project shall be required. The cost-sharing requirement  
39 may be waived or reduced for projects that directly benefit a  
40 disadvantaged community or an economically distressed area.

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- (a) *The San Joaquin River watershed.*
- (b) *The Kern River and Tulare Basin watersheds.*
- (c) *The Salton Sea and Colorado River watersheds.*
- (d) *The Los Angeles River watershed.*
- (e) *The San Gabriel River watershed.*
- (f) *The Santa Ana River watershed.*
- (g) *The Klamath River watershed, including the Trinity, Scott, and Shasta Rivers and watersheds.*
- (h) *The North Coast watersheds.*
- (i) *The San Francisco Bay watersheds.*
- (j) *The Central Coast watersheds.*
- (k) *The South Coast watersheds.*
- (l) *The Lake Tahoe Basin watershed.*
- (m) *The Sacramento River watershed, including the Yolo Bypass.*
- (n) *The San Diego County coastal watersheds.*
- (o) *The Ventura River watershed.*
- (p) *The Sierra Nevada Mountain watersheds.*
- (q) *The Mojave River watershed.*
- (r) *The Owens River watershed.*
- (s) *The Santa Monica Bay watershed.*
- (t) *The watersheds of Marin County.*
- (u) *The watersheds of Orange County.*

- (a) *Protect and increase the economic benefits arising from healthy watersheds, fishery resources, and instream flow.*
- (b) *Help watershed ecosystems adapt to climate change.*
- (c) *Restore river parkways throughout the state, including, but not limited to, projects in the Urban Streams Restoration Program established pursuant to Section 7048.*

1 (d) *Protect and restore aquatic, wetland, and migratory bird*  
2 *ecosystems, including fish and wildlife corridors.*

3 (e) *Fulfill the obligations of the State of California in complying*  
4 *with the terms of multi-party settlement agreements related to*  
5 *water resources.*

6 (f) *Remove barriers to fish passage.*

7 (g) *Collaborate with federal agencies in the protection of fish*  
8 *native to California.*

9 (h) *Implement fuel treatment projects to reduce wildfire risks,*  
10 *protect watersheds tributary to water storage facilities, and*  
11 *promote watershed health.*

12 (i) *Protect and restore watershed health to improve watershed*  
13 *storage capacity, forest health, protection of life and property,*  
14 *and greenhouse gas reduction.*

15 79732. *For restoration and ecosystem protection projects under*  
16 *this chapter, the services of the California Conservation Corps or*  
17 *community conservation corps shall be used whenever feasible.*

18 79733. (a) *Of the funds authorized in Section 79730, five*  
19 *hundred million dollars (\$500,000,000) shall be available to fulfill*  
20 *the obligations of the State of California in complying with the*  
21 *terms of any of the following:*

22 (1) *The February 18, 2010, Klamath Basin Restoration*  
23 *Agreement.*

24 (2) *The Qualification Settlement Agreement, as defined in*  
25 *subdivision (a) of Section 1 of Chapter 617 of the Statutes of 2002.*

26 (3) *The San Joaquin River Restoration Settlement, as described*  
27 *in Part I of Subtitle A of Title X of Public Law 111-11.*

28 (b) *Of the funds authorized in Section 79730, two hundred fifty*  
29 *million dollars (\$250,000,000) shall be available to the Natural*  
30 *Resources Agency to support projects of a state conservancy as*  
31 *provided in the conservancy's strategic plan.*

32 79734. *For the purposes of this chapter, the terms "protection"*  
33 *and "restoration" have the meanings set forth in Section 75005*  
34 *of the Public Resources Code.*

35  
36 *CHAPTER 7. CLIMATE CHANGE PREPAREDNESS FOR REGIONAL*  
37 *WATER SECURITY*  
38

39 79740. *The sum of one billion five hundred million dollars*  
40 *(\$1,500,000,000) shall be available, upon appropriation by the*

1 *Legislature from the fund, for expenditures and competitive grants*  
2 *and loans to eligible projects that are included in, and implement*  
3 *an adopted integrated regional water management plan consistent*  
4 *with Part 2.2 (commencing with Section 10530) of Division 6.*

5 *79741. In order to improve regional water self-reliance security*  
6 *and adapt to the effects on water supply arising out of climate*  
7 *change, the purposes of this chapter are to:*

8 *(a) Help water infrastructure systems adapt to climate change.*

9 *(b) Incentivize water agencies throughout each watershed to*  
10 *collaborate in managing the region's water resources and setting*  
11 *regional priorities for water infrastructure.*

12 *(c) Improve regional water self-reliance, including projects that*  
13 *reduce reliance on the Delta in meeting California's future water*  
14 *supply needs, consistent with Section 85021.*

15 *(d) Fund the increment of project costs related to the project's*  
16 *public benefits.*

17 *79742. (a) In selecting among proposed projects in a*  
18 *watershed, the scope of the adopted integrated regional water*  
19 *management plan may be considered by the administering state*  
20 *agency, with priority going to projects in plans that cover a greater*  
21 *portion of the watershed. If a plan covers substantially all of the*  
22 *watershed, then the plan's project priorities shall be given*  
23 *deference.*

24 *(b) An urban water supplier that does not prepare, adopt, and*  
25 *submit its urban water management plan in accordance with the*  
26 *Urban Water Management Planning Act (Part 2.6 (commencing*  
27 *with Section 10610) of Division 6) is ineligible to receive funds*  
28 *made available pursuant to this chapter until the urban water*  
29 *management plan is prepared and submitted in accordance with*  
30 *the requirements of that act.*

31 *(c) An agricultural water supplier that does not prepare, adopt,*  
32 *and submit its agricultural water management plan in accordance*  
33 *with the Agricultural Water Management Planning Act (Part 2.8*  
34 *(commencing with Section 10800) of Division 6) is ineligible to*  
35 *receive funds made available pursuant to this chapter until the*  
36 *agricultural water management plan is prepared and submitted*  
37 *in accordance with the requirements of that act.*

38 *(d) For the purposes of awarding funding under this chapter,*  
39 *a local cost share of not less than 50 percent of the total costs of*  
40 *the project shall be required. The cost sharing requirement may*

1 *be waived or reduced for projects that directly benefit a*  
2 *disadvantaged community or an economically distressed area.*

3 *(e) Not less than 10 percent of the funds authorized by this*  
4 *chapter shall be allocated to projects that directly benefit*  
5 *disadvantaged communities.*

6 *(f) For the purposes of awarding a grant under this chapter,*  
7 *the applicant shall demonstrate that the integrated regional water*  
8 *management plan the applicant's project implements addresses*  
9 *the risks in the region to water supply and water infrastructure*  
10 *arising from climate change.*

11 *79743. Subject to the determination of regional priorities by*  
12 *the regional water management group, eligible projects may*  
13 *include, but are not limited to, projects that promote any of the*  
14 *following:*

15 *(a) Water re-use and recycling.*

16 *(b) Water-use efficiency and water conservation.*

17 *(c) Local and regional surface and underground water storage.*

18 *(d) Regional water conveyance facilities that improve*  
19 *integration of separate water systems.*

20 *(e) Watershed protection, restoration, and management projects.*

21 *(f) Stormwater resource management, including but not limited*  
22 *to the following:*

23 *(1) Projects to reduce, manage, treat, or capture rainwater or*  
24 *stormwater.*

25 *(2) Projects that provide multiple benefits such as water quality,*  
26 *water supply, flood control, or open space.*

27 *(3) Decision support tools that evaluate the benefits and costs*  
28 *of multi-benefit stormwater projects.*

29 *(4) Projects to implement a stormwater resource plan developed*  
30 *in accordance with Part 2.3 (commencing with Section 10560) of*  
31 *Division 6.*

32 *(g) Conjunctive use of surface and groundwater storage*  
33 *facilities.*

34 *(h) Water desalination projects that incorporate renewable*  
35 *energy generation and reduce Delta exports.*

36 *79744. (a) Of the funds authorized in Section 79740, one*  
37 *billion dollars (\$1,000,000,000) shall be allocated to the*  
38 *hydrologic regions as identified in the California Water Plan in*  
39 *accordance with this section. For the South Coast hydrologic*  
40 *region, the department shall establish three funding areas that*

1 *reflect the watersheds of San Diego County (designated as the San*  
2 *Diego subregion), the Santa Ana River watershed and southern*  
3 *Orange County (designated as the Santa Ana subregion), and the*  
4 *Los Angeles and Ventura County watersheds (designated as the*  
5 *Los Angeles subregion), and shall allocate funds to those areas*  
6 *in accordance with this subdivision. The North and South Lahontan*  
7 *hydrologic regions shall be treated as one area for the purpose of*  
8 *allocating funds. For purposes of this subdivision, the Sacramento*  
9 *River hydrologic region does not include the Delta. For purposes*  
10 *of this subdivision, the Mountain Counties Overlay is not eligible*  
11 *for funds from the Sacramento River hydrologic region or the San*  
12 *Joaquin River hydrologic region. Multiple integrated regional*  
13 *water management plans may be recognized in each of the areas*  
14 *allocated funding.*

15 *(b) Funds made available by this chapter shall be allocated as*  
16 *follows:*

- 17 *(1) North Coast: \$45,000,000.*
- 18 *(2) San Francisco Bay: \$132,000,000.*
- 19 *(3) Central Coast: \$58,000,000.*
- 20 *(4) Los Angeles subregion: \$198,000,000.*
- 21 *(5) Santa Ana subregion: \$128,000,000.*
- 22 *(6) San Diego subregion: \$87,000,000.*
- 23 *(7) Sacramento River: \$76,000,000.*
- 24 *(8) San Joaquin River: \$64,000,000.*
- 25 *(9) Tulare/Kern: \$70,000,000.*
- 26 *(10) North/South Lahontan: \$51,000,000.*
- 27 *(11) Colorado River Basin: \$47,000,000.*
- 28 *(12) Mountain Counties Overlay: \$44,000,000.*

29 *79745. (a) Of the funds authorized by 79740 up to two hundred*  
30 *fifty million dollars (\$250,000,000) may be used for direct*  
31 *expenditures, grants, and loans for water conservation and water*  
32 *use efficiency plans, projects, and programs, including either of*  
33 *the following:*

34 *(1) Urban water conservation plans, projects, and programs,*  
35 *including regional projects and programs, implemented to achieve*  
36 *urban water use targets developed pursuant to Section 10608.20.*  
37 *Priority for funding shall be given to programs that do any of the*  
38 *following:*

39 *(A) Assist water suppliers and regions to implement conservation*  
40 *programs and measures that are not locally cost-effective.*



1     (B) Support water supplier and regional efforts to implement  
2     programs targeted to enhance water use efficiency for commercial,  
3     industrial, and institutional water users.

4     (C) Assist water suppliers and regions with programs and  
5     measures targeted toward realizing the conservation benefits of  
6     implementation of the provisions of the state landscape model  
7     ordinance.

8     (2) Agricultural water management plans or agricultural water  
9     use efficiency projects and programs developed pursuant to Part  
10    2.8 (commencing with Section 10800) of Division 6.

11    (b) Section 1011 applies to all conservation measures that an  
12    agricultural water supplier or an urban water supplier implements  
13    with funding under this chapter. This subdivision does not limit  
14    the application of Section 1011 to any other measures or projects  
15    implemented by a water supplier.

16    79746. Of the funds authorized by 79740, the sum of five  
17    hundred million dollars (\$500,000,000) shall be available, upon  
18    appropriation by the Legislature from the fund, for grants and  
19    loans for water recycling and advanced treatment technology  
20    projects, including all of the following:

21    (a) Water recycling projects.

22    (b) Contaminant and salt removal projects, including, but not  
23    limited to, groundwater and seawater desalination.

24    (c) Dedicated distribution infrastructure for recycled water and  
25    commercial and industrial end-user retrofit projects to allow use  
26    of recycled water.

27    (d) Pilot projects for new salt and contaminant removal  
28    technology.

29    (e) Groundwater recharge infrastructure related to recycled  
30    water.

31    (f) Technical assistance and grant writing assistance for  
32    disadvantaged communities.

33    (g) For projects funded pursuant to this section, at least a 50  
34    percent local cost share shall be required. That cost share may be  
35    suspended or reduced for disadvantaged communities and  
36    economically distressed areas.

37    (h) Projects funded pursuant to this section shall be selected  
38    on a competitive basis, considering all of the following criteria:

39    (1) Water supply reliability improvement.

1 (2) *Water quality and ecosystem benefits related to decreased*  
2 *reliance on diversions from the Delta or instream flows.*

3 (3) *Public health benefits from improved drinking water quality.*

4 (4) *Cost effectiveness.*

5 (5) *Energy efficiency and greenhouse gas emission impacts.*

6 79747. *In order to receive funding authorized by this chapter*  
7 *to address groundwater quality or supply in an aquifer, the*  
8 *applicant shall demonstrate that a public agency has authority to*  
9 *manage the water resources in that aquifer.*

10  
11 *CHAPTER 8. DELTA SUSTAINABILITY*  
12

13 79750. (a) *The sum of one billion (\$1,000,000,000) shall be*  
14 *available, upon appropriation by the Legislature from the fund,*  
15 *for grants and direct expenditures to improve the sustainability of*  
16 *the Delta.*

17 (b) *This chapter provides state funding for public benefits*  
18 *associated with projects needed to assist in the Delta's*  
19 *sustainability as a vital resource for fish, wildlife, water quality,*  
20 *water supply, agriculture, and recreation.*

21 79751. *In order to promote the sustainability and resiliency*  
22 *of the Delta, the purposes of this chapter are to:*

23 (a) *Protect, restore, and enhance the Delta ecosystem.*

24 (b) *Maintain and improve existing Delta levees.*

25 (c) *Promote the sustainability of the Delta.*

26 79752. *The funds authorized in Section 79750 shall not be used*  
27 *to pay the costs of exercising eminent domain.*

28 79753. *Any project funded by this chapter shall include a*  
29 *partner from one of the five Delta counties.*

30 79754. *Funding authorized by this chapter for the purpose of*  
31 *subdivision (a) of Section 79751 may include, but is not limited*  
32 *to, the following:*

33 (a) *Projects to protect and restore native fish and wildlife*  
34 *dependent on the Delta ecosystem, including improvement of*  
35 *aquatic or terrestrial habitat or the removal or reduction of*  
36 *undesirable invasive species.*

37 (b) *Projects to reduce greenhouse gas emissions from exposed*  
38 *Delta soils.*

39 (c) *Scientific studies and assessments that support the projects*  
40 *authorized under this section.*

1     79755. *Funding authorized by this chapter for the purpose of*  
2 *subdivision (b) of Section 79751 shall reduce the risk of levee*  
3 *failure and flood in the Delta and may be expended for any of the*  
4 *following:*

5     (a) *Local assistance under the Delta levee maintenance*  
6 *subventions program under Part 9 (commencing with Section*  
7 *12980) of Division 6, as that part may be amended.*

8     (b) *Special flood protection projects under Chapter 2*  
9 *(commencing with Section 12310) of Part 4.8 of Division 6, as*  
10 *that chapter may be amended.*

11     (c) *Levee improvement projects that increase the resiliency of*  
12 *levees within the Delta to withstand earthquake, flooding, or sea*  
13 *level rise.*

14     (d) *Emergency response and repair projects.*

15  
16             *CHAPTER 9. WATER STORAGE FOR CLIMATE CHANGE*  
17

18     79760. (a) *Notwithstanding Section 162, the commission may*  
19 *make the determinations, findings, and recommendations required*  
20 *of it by this chapter independent of the views of the director. All*  
21 *final actions by the commission in implementing this chapter shall*  
22 *be taken by a majority of the members of the commission at a*  
23 *public meeting noticed and held pursuant to the Bagley-Keene*  
24 *Open Meeting Act (Article 9 (commencing with Section 11120) of*  
25 *Chapter 1 of Part 1 of Division 3 of Title 2 of the Government*  
26 *Code).*

27     (b) *Notwithstanding Section 13340 of the Government Code,*  
28 *the sum of one billion five hundred million dollars (\$1,500,000,000)*  
29 *is hereby continuously appropriated from the fund, without regard*  
30 *to fiscal years, to the commission for public benefits associated*  
31 *with water storage projects that improve the operation of the state*  
32 *water system, are cost effective, and provide a net improvement*  
33 *in ecosystem and water quality conditions, in accordance with this*  
34 *chapter. Funds authorized for, or made available to, the*  
35 *commission pursuant to this chapter shall be available and*  
36 *expended only for the purposes provided in this chapter, and shall*  
37 *not be subject to appropriation or transfer by the Legislature or*  
38 *the Governor for any other purpose.*

39     (c) *Projects shall be selected by the commission through a*  
40 *competitive public process that ranks potential projects based on*

1 *the expected return for public investment as measured by the*  
2 *magnitude of the public benefits provided, pursuant to criteria*  
3 *established under this chapter.*

4 *(d) Any project constructed with funds provided by this chapter*  
5 *shall be subject to Section 11590.*

6 *79761. In order to expand the state's water storage capacity*  
7 *to address the impacts of climate change on the snow pack in the*  
8 *Sierra Nevada Mountains and water storage resources, the*  
9 *purposes of this chapter are to:*

10 *(a) Construct new surface water storage projects.*

11 *(b) Restore and expand groundwater aquifer storage capacity.*

12 *(c) Restore water storage capacity of existing surface water*  
13 *storage reservoirs.*

14 *79762. Projects for which the public benefits are eligible for*  
15 *funding under this chapter consist of only the following:*

16 *(a) Surface storage projects identified in the CALFED Bay-Delta*  
17 *Program, except for projects prohibited by Chapter 1.4*  
18 *(commencing with Section 5093.50) of Division 5 of the Public*  
19 *Resources Code.*

20 *(b) Groundwater storage projects and groundwater*  
21 *contamination prevention or remediation projects that provide*  
22 *water storage benefits.*

23 *(c) Conjunctive use and reservoir reoperation projects.*

24 *(d) Local and regional surface storage projects that improve*  
25 *the operation of water systems in the state and provide public*  
26 *benefits.*

27 *(e) Projects that remove sediment, improve dam stability in*  
28 *seismic events or otherwise restore water storage capacity in*  
29 *existing water storage reservoirs.*

30 *79763. A project shall not be funded pursuant to this chapter*  
31 *unless it provides measurable improvements to the Delta ecosystem*  
32 *or to the tributaries to the Delta.*

33 *79764. (a) Funds allocated pursuant to this chapter may be*  
34 *expended solely for the following public benefits associated with*  
35 *water storage projects:*

36 *(1) Ecosystem improvements, including changing the timing of*  
37 *water diversions, improvement in flow conditions, temperature,*  
38 *or other benefits that contribute to restoration of aquatic*  
39 *ecosystems and native fish and wildlife, including those ecosystems*  
40 *and fish and wildlife in the Delta.*

1     (2) *Water quality improvements in the Delta, or in other river*  
2 *systems, that provide significant public trust resources, or that*  
3 *clean up and restore groundwater resources.*

4     (3) *Flood control benefits, including, but not limited to,*  
5 *increases in flood reservation space in existing reservoirs by*  
6 *exchange for existing or increased water storage capacity in*  
7 *response to the effects of changing hydrology and decreasing snow*  
8 *pack on California's water and flood management system.*

9     (4) *Emergency response, including, but not limited to, securing*  
10 *emergency water supplies and flows for dilution and salinity*  
11 *repulsion following a natural disaster or act of terrorism.*

12     (5) *Recreational purposes, including, but not limited to, those*  
13 *recreational pursuits generally associated with the outdoors.*

14     (b) *Funds shall not be expended pursuant to this chapter for*  
15 *the costs of environmental mitigation measures or compliance*  
16 *obligations except for those associated with providing public*  
17 *benefits as described in subdivision (a).*

18     79765. *In consultation with the Department of Fish and Game,*  
19 *the State Water Resources Control Board, and the department,*  
20 *the commission shall develop and adopt, by regulation, methods*  
21 *for quantification and management of public benefits described*  
22 *in Section 79764 by December 15, 2014. The regulations shall*  
23 *include the priorities and relative environmental value of ecosystem*  
24 *benefits as provided by the Department of Fish and Game and the*  
25 *priorities and relative environmental value of water quality benefits*  
26 *as provided by the State Water Resources Control Board.*

27     79766. (a) *Except as provided in subdivision (c), no funds*  
28 *allocated pursuant to this chapter may be allocated for a project*  
29 *before December 15, 2014, and until the commission approves the*  
30 *project based on the commission's determination that all of the*  
31 *following have occurred:*

32     (1) *The commission has adopted the regulations specified in*  
33 *Section 79765 and specifically quantified and made public the cost*  
34 *of the public benefits associated with the project.*

35     (2) *The department has entered into a contract with each party*  
36 *that will derive benefits, other than public benefits, as defined in*  
37 *Section 79764, from the project that ensures the party will pay its*  
38 *share of the total costs of the project. The benefits available to a*  
39 *party shall be consistent with that party's share of total project*  
40 *costs.*

1     (3) *The department has entered into a contract with each public*  
2 *agency identified in Section 79765 that administers the public*  
3 *benefits, after that agency makes a finding that the public benefits*  
4 *of the project for which that agency is responsible meet all the*  
5 *requirements of this chapter, to ensure that the public contribution*  
6 *of funds pursuant to this chapter achieves the public benefits*  
7 *identified for the project.*

8     (4) *The commission has held a public hearing for the purposes*  
9 *of providing an opportunity for the public to review and comment*  
10 *on the information required to be prepared pursuant to this*  
11 *subdivision.*

12     (5) *All of the following additional conditions are met:*

13     (A) *Feasibility studies have been completed.*

14     (B) *The commission has found and determined that the project*  
15 *is feasible, is consistent with all applicable laws and regulations,*  
16 *and will advance the long-term objectives of restoring ecological*  
17 *health and improving water management for beneficial uses of the*  
18 *Delta.*

19     (C) *All environmental documentation associated with the project*  
20 *has been completed, and all other federal, state, and local*  
21 *approvals, certifications, and agreements required to be completed*  
22 *have been obtained.*

23     (b) *The commission shall submit to the Legislature its findings*  
24 *for each of the criteria identified in subdivision (a) for a project*  
25 *funded pursuant to this chapter.*

26     (c) *Notwithstanding subdivision (a), funds may be made*  
27 *available under this chapter for the completion of environmental*  
28 *documentation and permitting of a project.*

29     79767. (a) *The public benefit cost share of a project funded*  
30 *pursuant to this chapter, other than a project described in*  
31 *subdivision (c) of Section 79762, may not exceed 50 percent of the*  
32 *total costs of any project funded under this chapter.*

33     (b) *No project may be funded unless it provides ecosystem*  
34 *improvements as described in paragraph (1) of subdivision (a) of*  
35 *Section 79764 that are at least 50 percent of total public benefits*  
36 *of the project funded under this chapter.*

37     (c) *In order to receive funding authorized by this chapter to*  
38 *improve groundwater storage in an aquifer, the applicant shall*  
39 *demonstrate that a public agency has authority to manage the*  
40 *water resources in that aquifer.*

1 79768. (a) A project is not eligible for funding under this  
2 chapter unless, by January 1, 2018, all of the following conditions  
3 are met:

4 (1) All feasibility studies are complete and draft environmental  
5 documentation is available for public review.

6 (2) The commission makes a finding that the project is feasible,  
7 and will advance the long-term objectives of restoring ecological  
8 health and improving water management for beneficial uses of the  
9 Delta.

10 (3) The director receives commitments for not less than 75  
11 percent of the nonpublic benefit cost share of the project.

12 (b) If compliance with subdivision (a) is delayed by litigation  
13 or failure to promulgate regulations, the date in subdivision (a)  
14 shall be extended by the commission for a time period that is equal  
15 to the time period of the delay, and funding under this chapter that  
16 has been dedicated to the project shall be encumbered until the  
17 time at which the litigation is completed or the regulations have  
18 been promulgated.

19  
20 CHAPTER 10. FISCAL PROVISIONS  
21

22 79800. (a) Bonds in the total amount of six billion five hundred  
23 million dollars (\$6,500,000,000), or so much thereof as is  
24 necessary, not including the amount of any refunding bonds issued  
25 in accordance with Section 79812, or so much thereof as is  
26 necessary, may be issued and sold to provide a fund to be used for  
27 carrying out the purposes expressed in this division and to  
28 reimburse the General Obligation Bond Expense Revolving Fund  
29 pursuant to Section 16724.5 of the Government Code. The bonds,  
30 when sold, shall be and constitute a valid and binding obligation  
31 of the State of California, and the full faith and credit of the State  
32 of California is hereby pledged for the punctual payment of both  
33 principal of, and interest on, the bonds as the principal and interest  
34 become due and payable.

35 (b) The Treasurer shall sell the bonds authorized by the  
36 committee pursuant to this section. The bonds shall be sold upon  
37 the terms and conditions specified in a resolution to be adopted  
38 by the committee pursuant to Section 16731 of the Government  
39 Code.

1       79801. *The bonds authorized by this division shall be prepared,*  
2 *executed, issued, sold, paid, and redeemed as provided in the State*  
3 *General Obligation Bond Law (Chapter 4 (commencing with*  
4 *Section 16720) of Part 3 of Division 4 of Title 2 of the Government*  
5 *Code), and all of the provisions of that law apply to the bonds and*  
6 *to this division and are hereby incorporated in this division as*  
7 *though set forth in full in this division, except Section 16727 of the*  
8 *Government Code shall not apply to the extent that it is inconsistent*  
9 *with any other provision of this division.*

10       79802. (a) *Solely for the purpose of authorizing the issuance*  
11 *and sale pursuant to the State General Obligation Bond Law*  
12 *(Chapter 4 (commencing with Section 16720) of Part 3 of Division*  
13 *4 of Title 2 of the Government Code) of the bonds authorized by*  
14 *this division, the Climate Change Response for Clean and Safe*  
15 *Drinking Water Finance Committee is hereby created. For*  
16 *purposes of this division, the Climate Change Response for Clean*  
17 *and Safe Drinking Water Finance Committee is “the committee”*  
18 *as that term is used in the State General Obligation Bond Law.*

19       (b) *The committee consists of the Director of Finance, the*  
20 *Treasurer, the Controller, the Director of Water Resources, and*  
21 *the Secretary of the Natural Resources Agency. Notwithstanding*  
22 *any other provision of law, any member may designate a deputy*  
23 *to act as that member in his or her place for all purposes, as though*  
24 *the member were personally present.*

25       (c) *The Treasurer shall serve as chairperson of the committee.*

26       (d) *A majority of the committee may act for the committee.*

27       79803. *The committee shall determine whether or not it is*  
28 *necessary or desirable to issue bonds authorized pursuant to this*  
29 *division in order to carry out the actions specified in this division*  
30 *and, if so, the amount of bonds to be issued and sold. Successive*  
31 *issues of bonds may be authorized and sold to carry out those*  
32 *actions progressively, and it is not necessary that all of the bonds*  
33 *authorized to be issued be sold at any one time.*

34       79804. *For purposes of the State General Obligation Bond*  
35 *Law, “board,” as defined in Section 16722 of the Government*  
36 *Code, means the Department of Water Resources.*

37       79805. *There shall be collected each year and in the same*  
38 *manner and at the same time as other state revenue is collected,*  
39 *in addition to the ordinary revenues of the state, a sum in an*  
40 *amount required to pay the principal of, and interest on, the bonds*



1 *each year. It is the duty of all officers charged by law with any*  
2 *duty in regard to the collection of the revenue to do and perform*  
3 *each and every act that is necessary to collect that additional sum.*

4 79806. *Notwithstanding Section 13340 of the Government*  
5 *Code, there is hereby appropriated from the General Fund in the*  
6 *State Treasury, for the purposes of this division, an amount that*  
7 *will equal the total of the following:*

8 (a) *The sum annually necessary to pay the principal of, and*  
9 *interest on, bonds issued and sold pursuant to this division, as the*  
10 *principal and interest become due and payable.*

11 (b) *The sum that is necessary to carry out the provisions of*  
12 *Section 79809, appropriated without regard to fiscal years.*

13 79807. *The board may request the Pooled Money Investment*  
14 *Board to make a loan from the Pooled Money Investment Account*  
15 *in accordance with Section 16312 of the Government Code for the*  
16 *purpose of carrying out this division. The amount of the request*  
17 *shall not exceed the amount of the unsold bonds that the committee*  
18 *has, by resolution, authorized to be sold for the purpose of carrying*  
19 *out this division. The board shall execute those documents required*  
20 *by the Pooled Money Investment Board to obtain and repay the*  
21 *loan. Any amounts loaned shall be deposited in the fund to be*  
22 *allocated in accordance with this division.*

23 79808. *Notwithstanding any other provision of this division,*  
24 *or of the State General Obligation Bond Law, if the Treasurer*  
25 *sells bonds that include a bond counsel opinion to the effect that*  
26 *the interest on the bonds is excluded from gross income for federal*  
27 *tax purposes under designated conditions, the Treasurer may*  
28 *maintain separate accounts for the bond proceeds invested and*  
29 *for the investment earnings on those proceeds, and may use or*  
30 *direct the use of those proceeds or earnings to pay any rebate,*  
31 *penalty, or other payment required under federal law or take any*  
32 *other action with respect to the investment and use of those bond*  
33 *proceeds, as may be required or desirable under federal law in*  
34 *order to maintain the tax-exempt status of those bonds and to*  
35 *obtain any other advantage under federal law on behalf of the*  
36 *funds of this state.*

37 79809. *For the purposes of carrying out this division, the*  
38 *Director of Finance may authorize the withdrawal from the*  
39 *General Fund of an amount or amounts not to exceed the amount*  
40 *of the unsold bonds that have been authorized by the committee*

1 to be sold for the purpose of carrying out this division. Any  
2 amounts withdrawn shall be deposited in the fund. Any money  
3 made available under this section shall be returned to the General  
4 Fund, with interest at the rate earned by the money in the Pooled  
5 Money Investment Account, from proceeds received from the sale  
6 of bonds for the purpose of carrying out this division.

7 79810. All money deposited in the fund that is derived from  
8 premiums and accrued interest on bonds sold pursuant to this  
9 division shall be reserved in the fund and shall be available for  
10 transfer to the General Fund as a credit to expenditures for bond  
11 interest.

12 79811. Pursuant to Chapter 4 (commencing with Section  
13 16720) of Part 3 of Division 4 of Title 2 of the Government Code,  
14 the cost of bond issuance shall be paid out of the bond proceeds.  
15 These costs shall be shared proportionately by each program  
16 funded through this division.

17 79812. The bonds issued and sold pursuant to this division  
18 may be refunded in accordance with Article 6 (commencing with  
19 Section 16780) of Chapter 4 of Part 3 of Division 4 of Title 2 of  
20 the Government Code, which is a part of the State General  
21 Obligation Bond Law. Approval by the electors of the state for the  
22 issuance of the bonds under this division shall include approval  
23 of the issuance of any bonds issued to refund any bonds originally  
24 issued under this division or any previously issued refunding bonds.

25 79813. The proceeds from the sale of bonds authorized by this  
26 division are not “proceeds of taxes” as that term is used in Article  
27 XIII B of the California Constitution, and the disbursement of these  
28 proceeds is not subject to the limitations imposed by that article.

29 SEC. 3. Section 2 of Chapter 3 of the Seventh Extraordinary  
30 Session of the Statutes of 2009, as amended by Section 1 of Chapter  
31 74 of the Statutes of 2012, is repealed.

32 SEC. 4. Section 2 of this act shall be submitted to the voters at  
33 the November 4, 2014, statewide general election in accordance  
34 with provisions of the Government Code and the Elections Code  
35 governing the submission of a statewide measure to the voters.

36 SEC. 5. Section 2 of this act shall take effect upon the approval  
37 by the voters of the Climate Change Response for Clean and Safe  
38 Drinking Water Act of 2014, as set forth in that section at the  
39 November 4, 2014, statewide general election.

1 ~~SECTION 1. The Legislature finds and declares all of the~~  
2 ~~following:~~

3 ~~(a) A bond measure for \$11.14 billion to fund projects related~~  
4 ~~to water supply reliability, water quality, Sacramento-San Joaquin~~  
5 ~~Delta sustainability, watershed conservation and protection, and~~  
6 ~~water recycling is currently set for the November 4, 2014, statewide~~  
7 ~~general election.~~

8 ~~(b) The freshwater resources of California are limited and if the~~  
9 ~~state is to remain economically competitive and environmentally~~  
10 ~~rich, public investment is needed to modernize water infrastructure,~~  
11 ~~integrated water management, advance water resource protection,~~  
12 ~~and improve flood management.~~

13 ~~(c) Many Californians lack access to clean, safe, and affordable~~  
14 ~~drinking water. In some communities, economic conditions prevent~~  
15 ~~the community from generating sufficient funding to correct water~~  
16 ~~system deficiencies or source water quality.~~

17 ~~(d) The watersheds and aquatic ecosystems of California are~~  
18 ~~unique and irreplaceable environmental and economic resources,~~  
19 ~~including the Sacramento-San Joaquin Delta, the largest estuary~~  
20 ~~on the West Coast. Investments in the state's watersheds can~~  
21 ~~provide regional and statewide benefits for cities, farms, industries,~~  
22 ~~and wildlife, including protecting water quality and sustainability,~~  
23 ~~improving flood control, and providing habitat and recreation.~~

24 ~~(e) It is in the public interest to pass a general obligation bond~~  
25 ~~that includes, but is not limited to, grants and loans to state and~~  
26 ~~local agencies to help meet critical funding needs related to~~  
27 ~~improving water infrastructure, integrating water management,~~  
28 ~~protecting water resources, addressing flood management,~~  
29 ~~advancing water reuse, ensuring safe drinking water, and restoring~~  
30 ~~and protecting watersheds and aquatic ecosystems, including the~~  
31 ~~Sacramento-San Joaquin Delta.~~

32 ~~(f) In order to evaluate and prioritize the amount of state funding~~  
33 ~~necessary to meet essential water-related public priorities, the~~  
34 ~~Legislature requires additional information.~~

35 ~~SEC. 2. (a) The Natural Resources Agency shall provide an~~  
36 ~~analysis to the Legislature by July 1, 2014, that assesses currently~~  
37 ~~available public funding and estimates the additional level of public~~  
38 ~~investment needed to ensure California meets priority needs related~~  
39 ~~to infrastructure, integrated water management, water supply~~

1 reliability, water recycling, flood management, and watershed and  
2 aquatic ecosystem conservation and protection.

3 ~~(b) The State Water Resources Control Board and the Division~~  
4 ~~of Drinking Water and Environmental Management of the State~~  
5 ~~Department of Public Health shall provide an analysis to the~~  
6 ~~Legislature by July 1, 2014, that assesses currently available public~~  
7 ~~funding and estimates the additional level of public investment~~  
8 ~~needed to ensure that all Californians have access to safe drinking~~  
9 ~~water and prioritize the projects necessary to achieve this goal.~~

10 ~~(c) The Delta Stewardship Council shall provide an analysis to~~  
11 ~~the Legislature by July 1, 2014, that assesses currently available~~  
12 ~~public funding and estimates the additional level of public~~  
13 ~~investment needed to implement the Delta Plan.~~

14 ~~(d) The requirements for submitting reports under this section~~  
15 ~~are inoperative on July 1, 2018, pursuant to Section 10231.5 of~~  
16 ~~the Government Code, and the reports shall be submitted in~~  
17 ~~compliance with Section 9795 of the Government Code.~~